

SENATE BILL REPORT

2SHB 1252

As of March 17, 2009

Title: An act relating to wage criteria used by the community economic revitalization board to determine project selection.

Brief Description: Concerning the community economic revitalization board's project selection criteria.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Kenney, Smith, Bailey, Seaquist, Haler, Kristiansen, Kelley and Herrera; by request of Department of Community, Trade and Economic Development).

Brief History: Passed House: 3/05/09, 95-2.

Committee Activity: Economic Development, Trade & Innovation: 3/18/09.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Jack Brummel (786-7428)

Background: The Legislature established the Study Committee on Public Infrastructure Programs and Funding Structures in 2007. The committee determined, among other things, that economic development resources should promote family wage jobs as well as job growth and retention. The committee's recommendations included a recommendation that Community Economic Revitalization Board (CERB) funding criteria prioritize projects compatible with statewide policy goals.

CERB is charged with financing publicly-owned economic development infrastructure improvements that encourage new business development and expansion. Staffing for CERB is provided by the Department of Community, Trade, and Economic Development. The CERB program provides local governments low-interest loans and grants to help finance public facility projects. Assistance is primarily targeted to rural communities. CERB financing can be used for public facilities including bridges, roads, domestic and industrial water projects, sanitary and storm sewers, and railroad spurs.

In 2008 the Legislature passed legislation requiring that applicants for CERB funds demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will exceed the countywide median hourly wage. The median is the middle value, below and above which lie an equal number of values.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The 2008 legislation also required CERB to prioritize proposed projects according to a number of factors.

Summary of Bill: The requirement that applicants for CERB funds demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will exceed the countywide median hourly wage is eliminated.

CERB prioritization factors relating to the relative benefits provided to the community by the jobs created, the rate of return of the state's investment, and whether an applicant has developed and adhered to permit process guidelines are eliminated.

CERB is to prioritize projects by first considering evidence that the annual average wage of new jobs will meet or exceed the countywide annual average wage. If the jobs will not meet or exceed the average wage, CERB is to consider evidence that the new jobs will include health care or retirement benefits. If the jobs will meet neither of these criterion, CERB may consider a project if the project is located in a county with a high unemployment rate, is located in an innovation partnership zone, or has received funding from the Economic Development Strategic Reserve Account. If CERB considers a project under these last three exceptions, it must provide a written rationale, track the project for five years, and submit a case study on the project as part of its biennial report.

Appropriation: None.

Fiscal Note: Requested on March 17, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.